

EXHIBIT B

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BCC:
Subject: Netflix Presentation
Attachments: NetflixUpdate_July2018.pdf;
Sent: 07/21/2018 03:53:27 AM 0000 (GMT)

Hi all,

The presentation we shared yesterday is attached below. I want to reiterate that the 'What we could do' section is inclusive of pie in the sky ideas for completeness, and these ideas have not yet been approved.

Michael is building out the voluntary churn analysis further following our meeting with Netflix today and will update the group on Monday. We'll also be incorporating LTV and updating the breakeven analysis.

Please reach out with any questions.

Best,
Sher



Netflix

July 2018

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Agenda

IAP test

Netflix areas of concern

What we're doing & what we could do

- App Store commerce platform

- Business and Editorial

- Marketing

Discussion

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IAP test

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IAP test

What we know

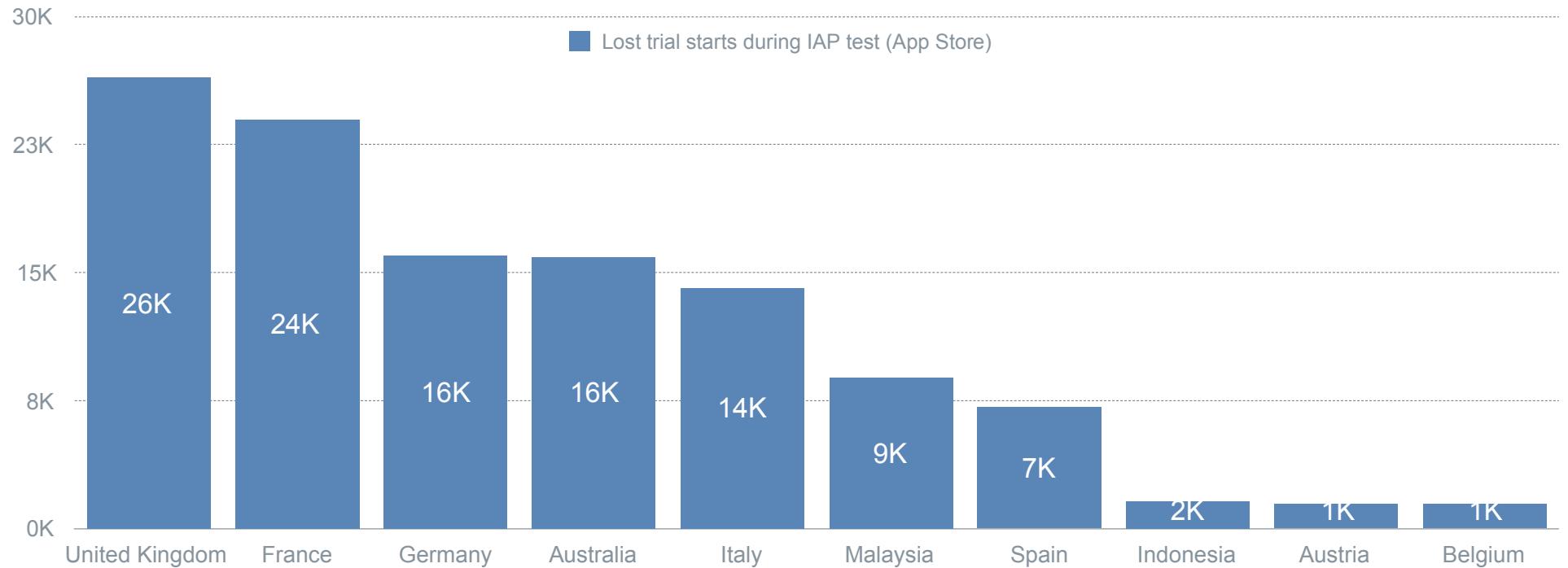
117K

Free trial starts lost on App Store

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IAP test

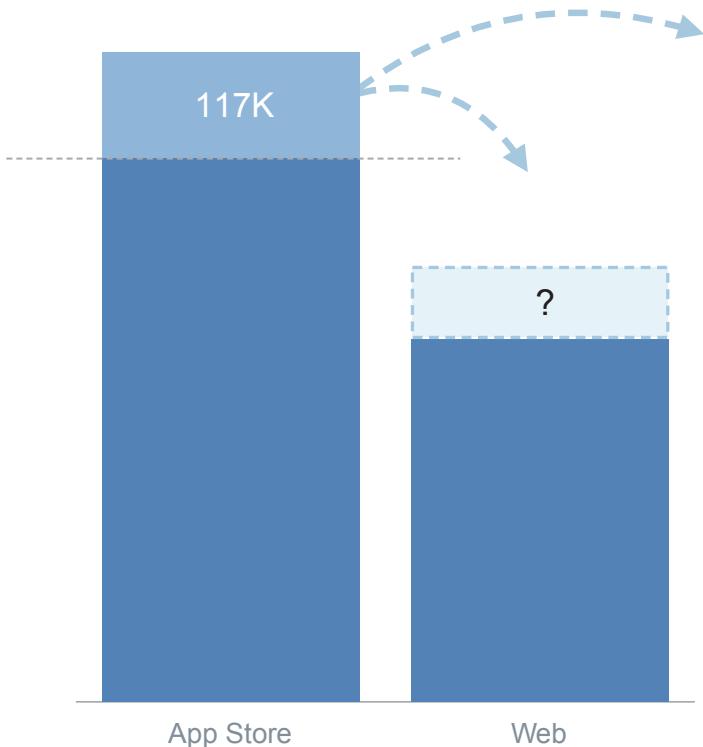
What we know



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IAP test

What we don't know



Breakeven analysis

$$\begin{array}{c} 117K \\ \times \quad \text{TBD} \\ \hline \end{array} \quad \text{LTV} \quad \times \quad \begin{array}{c} 85\% \\ \text{Margin} \end{array}$$

$$\begin{array}{c} 100K \\ \times \quad \text{TBD} \\ \hline \end{array} \quad \text{LTV} \quad \times \quad \begin{array}{c} 97.5\% \\ \text{Margin} \end{array}$$

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Netflix areas of concern

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Netflix areas of concern

Voluntary churn

Free trial abuse

Un-grandfathering

Enabling promotions

Cancellation API

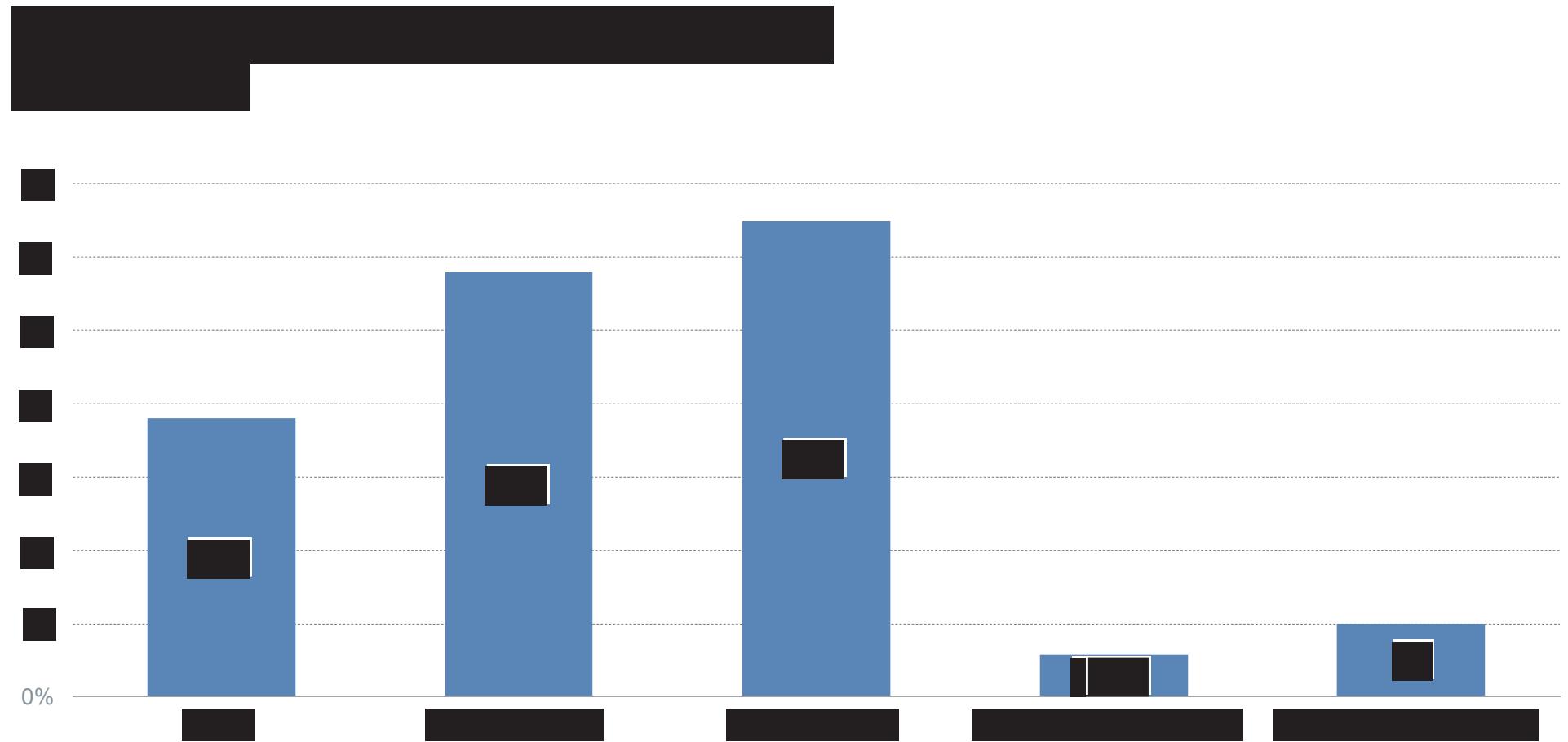
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Voluntary churn delta drivers



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Voluntary churn rate delta



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Free trial abuse

- Trial activation spike began in Dec 2017 in select LatAm territories, primarily CO and later PY - peak counts reached 5-7K trials activated/day
- Trial account credentials supported a fraudulent re-seller market
- Device Check feature was socialized, met with some initial concerns from Netflix
- Primary impact expressed was the artificial boost of Netflix's reported subscriber counts
- Netflix have implemented Device Check, and we have collectively disabled/suspended service for ~600K accounts
- New ongoing free trial activation rates have stabilized at 250-350/day
- Internally, commerce-based device/payment method limit checks on trial sign-up to prevent abuse have been scoped

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Un-grandfathering

- Legacy IAP skus/price points Netflix desires to move to higher price points
- Have historically created new skus to increase prices for new subscribers to avoid customer churn
- Piloted a notice-only flow for a set of 28 territories in January, moving ~3M customers to higher price points, 3 additional beginning early July affecting ~400k
- Measured pilot churn rates were less than 1% higher than on-going rates
- 6 remaining countries Netflix have raised to us: 1 is clearly consent (CA), remaining 5 (BR, BE, CO, CL, PO) we have a green light
- Notice-only flow targeted for Nov 2018 for countries cleared by Legal
- Still open on approach for handling countries requiring consent

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Enabling promotions

- With promotions Netflix have run with partners (ex: T-Mobile in Fall 2017) there is currently no redemption functionality for existing App Store subscribers
- Netflix wish to utilize these promotions to offer mid-subscription discounts/free service
- Fairly complex to build out, especially where Apple collects commission
- Listed priority feature in subscriptions pitch, not roadmapped/scheduled

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Cancellation API

- Originally extended to Netflix in context of several custom APIs for original ATV partners
- Netflix still have access to the API, though have expressed wanting access as a customer support tool to cancel subscriptions for customers who reach out through Netflix support channels to complain
- Possible confusion at Netflix around access
- Have reached out to us and expressed intent to use as recently as Fall 2017
- Spot check shows limited use currently
- Will need to monitor closely to see if usage spikes to disable access

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What we're doing & what we could do

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App Store commerce platform

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What we're doing

- Access to custom APIs:
 - Only select partners currently have access to APIs such as Modify Subscription Payment Request (Cancellation), Free Trial Preference, Extend Auto-Renew Date, etc.
- Un-grandfathering workflow:
 - Though manual, currently the lowest friction approach to increasing subscription price points
- Platform enhancements:
 - Updating functionality on our platform based directly on feedback from Netflix (i.e. - building commerce checks to limit free trial activation per payment method, device, etc).

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What we could do

- Continued build out & piloting of new commerce/platform features:
 - Grace period + snapback
 - Price consent improvements
 - Subscriber discounts (early readiness to improve winback/save offers)
 - Publish account information for Netflix decisioning (fraud signals, etc.)

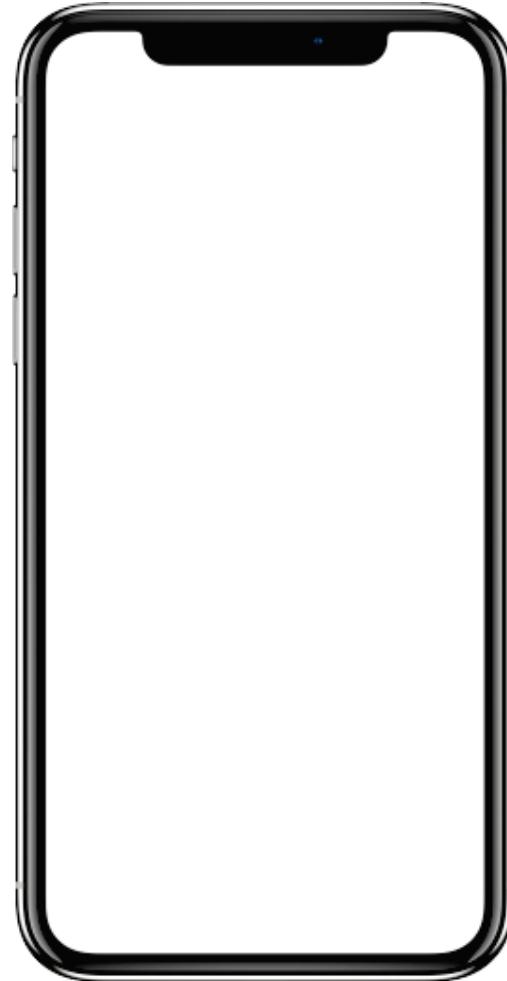
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Business and Editorial

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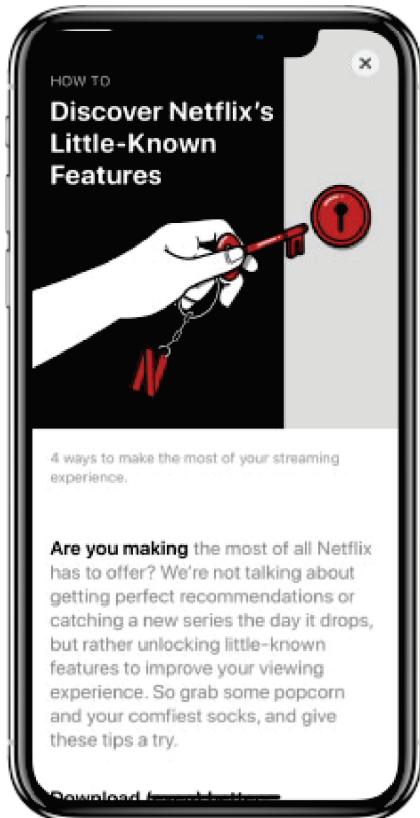
What we're doing

- More featuring than any other partner (35+ stories WW)
- 12 coordinated WW stories for the year (7 to date)
- 16.5M readers WW to date
 - Estimated 330K downloads (2% conversation rate)
- They review and approve all stories ahead of go-live
- We deliver a list of participating countries and featuring dates for all global tentpoles
- Weekly, monthly, and as-needed meetings
- Direct relationship with all our regional teams

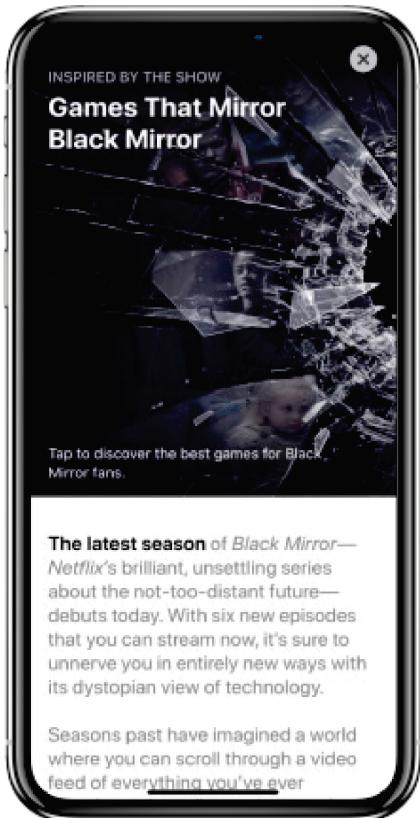


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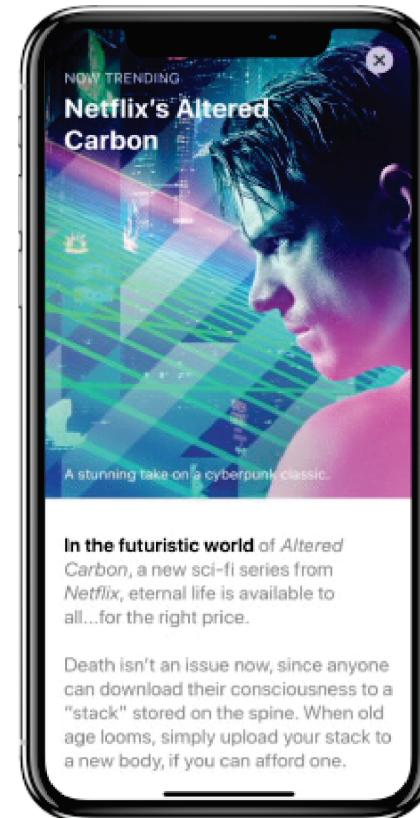
Most read



3.73M WW readers



2.06M WW readers



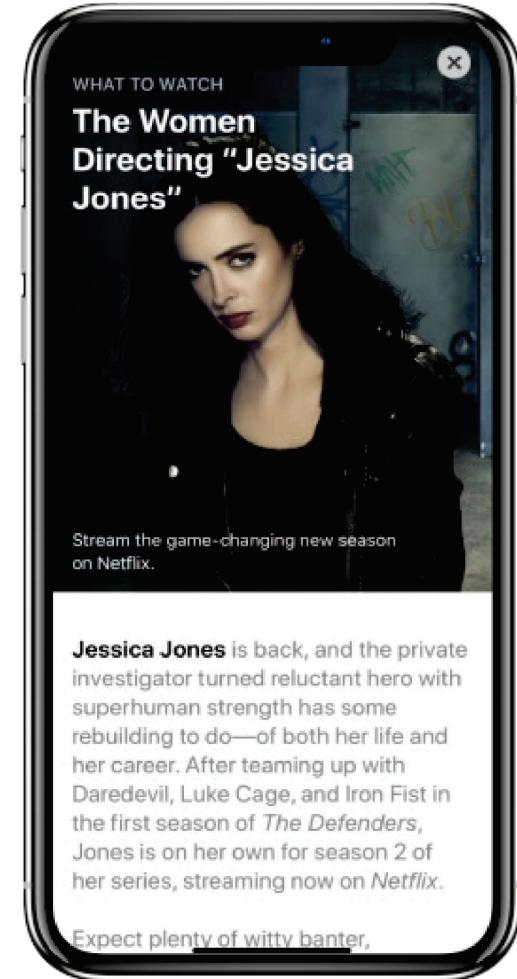
1.4M WW readers

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A/B testing

Featuring vs. no featuring

- Two tests to date
 - Jessica Jones (March): Germany and Mexico
 - Lost in Space (April): France, Italy and Canada
- Results
 - Featuring yielded a 6-7% increase in download conversion rate
 - No significant variance in 30-day LTV across the two groups for Lost in Space



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What we could do

- Continue coordinated featuring across iOS and Apple TV
- Provide featuring performance data: impressions, story engagement, conversion rate, installs, etc.
- Coordinated A/B testing on iOS
- Personalization override for a set number of tentpoles yearly
- Give them the power to determine what shows we feature
- Apple TV bundle
- Video partner program benefits including:
 - Ability to up-sell non-IAP customers, taking 0% commission
 - Billing flexibility to easily un-grandfather and cancel subscription charges

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Marketing

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What we're doing

- Consistent marketing support to date via email and social media campaigns
- 103 regional App Store email newsletters (since Oct. 2017)
- 24 posts across Facebook and Twitter (since Oct. 2017)

Newsletters promote multiple apps; Netflix app placement has varied

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What we could do

- Co-funded marketing to drive customer acquisition at scale.
 - Paid digital ads promoting the Netflix app
 - A percentage of the App Store's commission could be committed to reinvestment via Netflix Search Ads and paid digital acquisition
- App Store email campaigns
 - Dedicated emails promoting only the Netflix app
 - Support in key international growth markets
- Partnerships
 - Carrier & payment partners for co-funded subscription offers
 - Bundle offers (Netflix + Apple service)

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What we could do

- Apple Retail:
 - Today @ Apple: US in-store events supporting IP launches
 - Partner with retail marketing for placement of Netflix on appropriate Apple TV, iPad and iPhone demo devices
 - Train retail employees on availability of Netflix for Apple TV, iPad and iPhone through internal communications platform
- Apple.com:
 - Work with product marketing to message Netflix where appropriate

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